

~~SECRET~~

ED/EC M-259

July 30, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

2:00 p.m., Tuesday, July 23, 1957
Room 1213 Malatico

Attendance

MDAC

Mr. Hale, Chairman
Mr. Wight
Mr. Kramer, Executive Secretary
Miss Rector, Committee Secretary

CIA

Mr. [REDACTED] 25X1A9a

Commerce

Mr. George

Defense

Col. Green

ICA

Mr. Slaght

State

Mr. Henderson
Mr. Hamilton
Mr. Mark
Mr. Sanderhoff

Treasury

Mr. Sommerfield

Agenda

- Note a. List II Quotas for China.
(Ref. ED/EC M-258)
- Note b. U.S. Proposal for Upgrading of Copper Wire, Item 3652.
[REDACTED] 25X1A2g
- Note c. Yugoslavian Tankers for Poland.
1. NSC/CFEP Assignment to Review Economic Defense Policy.
(Ref. EDAC D-135 and EDAC D-135/1)
 2. Work Program for Implementation of Para. 9 of Revised Economic Defense Policy.
(Ref. ED/EC M-255)

~~SECRET~~

SECRET

-2-

Note a: List II Quotas for China.
(Ref. ED/EC M-258)

The State member informed the members of the substance of the instruction transmitted to the USDEL on July 22 as TOPOL 199, and noted that the words "Licensing guides where applicable should be applied" had been omitted from reproduced copies of the message but had been included in the message as sent.

The Commerce member reported, with respect to Item 2450, that Commerce intended to assure that the Japanese who obtained technology from the U.S. for the manufacture of Item 2450 vehicles did not ship the production thereof to Communist China.

At the request of the Commerce member, an understanding was reached with respect to items ruled 3(d) that the U.S. would hold bilaterals with other countries when and if they, in exporting under 3(d), appeared to be approving licenses without having taken carefully into consideration the security and strategic implications.

Note b: U.S. Proposal for Upgrading of Copper Wire, Item 3652.

25X6A

After consideration of the referenced message, the EC agreed that there appeared to be no reason for further delay in presenting the U.S. proposal to COCOM. WG I was instructed to proceed immediately to take the steps necessary to put the proposal into COCOM for post-recess discussion -- unless they (WG I) determined there was sufficient reason for not doing this, in which case they would report to the EC.

Note c: Yugoslavian Tankers for Poland.

The Commerce member called attention to a news article, datelined Belgrade, June 10, reporting conclusion of a contract by the "Split" shipyards of Yugoslavia with a Polish shipping company of Gdynia, for the delivery of two tankers (Item 1410) of 20,000 tons capacity each. It was indicated that the Yugoslavians were aware of the Battle Act applicability but had implied that the delivery date was several years hence by which time Battle Act changes most likely would allow this sale. The Committee was informed that this matter was scheduled for WG I consideration on July 25.

SECRET

SECRET

-3-

1. NSC/CFEP Assignment to Review Economic Defense Policy.
(Ref. EDAC D-135 and EDAC D-135/1)

Decision

The Committee completed its review of the proposals for revision of the economic defense policy (contained in EDAC D-135/1) and proposed the preparation of a second draft to be submitted for EDAC consideration (issued as EDAC D-135/1a).

Discussion

The State member reported that the first sentence of the State-proposed para. 21 could be modified by a word change to meet the members' objection that this sentence was a statement of policy. With respect to the view expressed by the others that this paragraph could be interpreted to mean a China differential, he explained the intent of the paragraph and advised that it was aimed only at obtaining controls at least as stringent as those applicable to the European Soviet bloc. There had never been any COCOM principle that countries should not have unilateral controls more severe than those multilaterally agreed, and State felt that, where feasible and necessary, the U.S. should urge them to apply certain controls. State policy was to retain freedom to request, in particular instances, certain countries to take such actions. With respect to the feeling on the part of other members that some of the language or some of the intent might be duplicated in other paragraphs, he said that State preferred to have a statement of this kind in one place rather than to have to seek this authority in various places throughout the policy document. The paragraph did not propose a China differential in the meaning which had been attached to those words, but it did of course mean a differential in the sense that the U.S. has always maintained stricter unilateral controls and that we should seek to direct the attention of others to this problem and to ask them to maintain controls toward Communist China of an order comparable to that of the U.S. This was State Department policy. If this language was bracketed, it would be pursued by State at EDAC on the basis he had indicated.

With respect to the work program State had been requested to provide for its proposed policy para. 21, the State member read a preliminary draft of a proposed work program, and advised that he would submit it after further rewriting.

The Chairman repeated the case which he thought could be made against each part of the State-proposed policy para. 21. He proposed that the para. 21 proposed by State be presented as para. 21 Alternative (A) in the second draft revised policy document and that an Alternative (B) be included which would be a notation to the effect that other agencies proposed the complete elimination of this paragraph as being unnecessary in the new policy statement. (See EDAC D-135/1a.)

SECRET

SECRET

-4-

After discussion, the Treasury member advised that ad referendum he would support the State-proposed para. 21. The ICA, Commerce, and Defense members supported the Chairman's proposal. The Chairman said he would draft for the members' consideration a statement concerning the State-proposed para. 21 which would be included in the memorandum of transmittal.

The alternative language proposed by MDAC to the State-proposed para. 23 was examined. The State member reserved on whether the MDAC proposal on para. 23 could be substituted for the State proposal (and notified the Chairman on the following day that the MDAC proposal with the deletion of the last clause was acceptable to State).

The Chairman noted that the Committee's next particular task was to develop work program paragraphs applicable to the revised paragraphs of the policy in order to show EDAC what the EDAC structure would do under the proposed revisions. Thereafter the members must address themselves to the consideration of a transmittal memorandum to the CFEP from EDAC which should cover the major points of changes recommended in the policy. In addition, the Committee must make recommendations with respect to the questions posed in para. 3 of the Joint Chiefs of Staff memorandum. He pointed out that only one week remained for the completion of the Committee's work on all these matters, that the EDAC Chairman had requested that the appropriate documentation be distributed to the EDAC members on August 1, with an EDAC meeting to be held thereafter at the earliest convenience of the EDAC members.

The Chairman called attention to the fact that State's draft document had been presented in the form of a memorandum to the CFEP and included in para. 4 a proposed response to the JCS memorandum. He asked the members to review the State proposed response to determine the extent to which it was satisfactory or the extent to which it should be changed, and if the members wished to propose revisions, he suggested that they draft language for such changes. He hoped there would be an early report from WG III to guide the EC in handling questions (3) and (4) (under 3.b., JCS memo, in EDAC D-135), but it was appropriate for the Committee to consider questions (1) and (2) independently and this was what he thought should be done at the next meeting. A meeting on this subject was set for Thursday, July 25, at 2:00 p.m.

SECRET

SECRET

-5-

2. Work Program for Implementation of Para. 9 of Revised Economic Defense Policy.
(Ref. ED/EC M-255)

Decision

The proposed work program for implementation of para. 9, drafted by the Commerce member, was approved, with certain minor revisions made at the meeting, and would be forwarded to EDAC as an agreed work program of activity to be undertaken under either of the two proposals made for revision of para. 9 of the policy paper. (See Annex A, EDAC D-135/1a.)

WG I was instructed to proceed immediately with the studies set forth in para. b(4)(a) and b(4)(b) of the work program, and to forward each study to the Executive Committee as completed.

WG I was granted "reasonable" leeway to combine or make some adjustments in the types of studies listed in para. b(4)(a).

WG I was invited to forward to the Executive Committee either an outline for one of the studies under para. b(4)(a) or a complete study, if one of them could be done rapidly, in order that the EC might review it to determine whether it provided the facts required by the EC in pursuing its assignment under para. b(3).

Discussion

The Chairman called attention to the magnitude of the assignments under the work program and to the deadlines for their completion. He advised that in introducing the document to EDAC he would state that it was the view of the EC that the work could not be completed within the deadlines unless all agencies involved agreed to make the exercise a priority activity, and to assign to it the personnel the job required.

Distribution

ED List Parts I & II
WG I (limited)

SECRET